



MEMORANDUM FOR THE RECORD

SUBJECT: NSSC Working Capital Fund (WCF) Payments

Issue

The NASA FY 2010 Appropriations Bill provides that NASA's Cross-Agency Support Funds (CASX) are limited to a one-year period of availability and will expire on September 30, 2010. This paper addresses the requirements for funding NSSC Working Capital Fund (WCF) Payments.

During FY 2010, the Centers, HQ Operations, HQ OIG, and HQ OCIO will use CASX22010D to make payments into the NSSC WCF to cover both services consumed and training requested. All NSSC services are continuing and recurring and, therefore, are considered severable, with the exception of training purchases, which tend to be nonseverable (see the Training Funding whitepaper for guidelines regarding funds for training). In past practice, Centers and HQ have obligated two-year appropriated funding to make advanced payments to the NSSC WCF in August of the current fiscal year for planned consumption of NSSC services and training requests in October-November of the upcoming fiscal year. Since funds in FY 2010 are valid for only one year and NSSC services are generally severable, the advanced funding that normally occurred during August of each FY for October-November services would not meet the requirements of the bona fide needs rule, with the exception of training events that are considered a bona fide need in FY 2010 (generally, those which occur in October-November and must be fully funded when the training is approved).

Guidance

The use of CASX22010D funds for NSSC services is only valid for FY 2010 consumption by the Centers, HQ Operations, HQ OIG, and HQ OCIO through September 30. The normal August advance funding for October-November NSSC services will not be processed this year. Instead, monthly IPACs will begin in May 2010 for the balance of FY 2010. Training requests processed through the NSSC for events in October-November will be handled in accordance with separate guidance for funding training with CASX22010D.

With respect to billing and liquidating advanced funding of FY 2010 WCF payments, final FY 2010 billing will not be available until late October. In years past, any advanced funding balance remaining after final billing was carried forward as a credit against the new FY funding requirements for each Center. This process cannot be used for CASX22010D since it will expire on October 1. To minimize the obligated balance remaining on September 30, the NSSC will request monthly advanced funding via IPACs from the Centers and HQ starting

Special Note: Although these white papers provide general guidance on the application of the Bona Fide Needs rule to common situations, you should still review your specific circumstances with local procurement, finance, and legal specialists. GAO has repeatedly emphasized that what constitutes a bona fide need of a particular fiscal year depends largely on the facts and circumstances of each particular case. Also note that while this guidance was developed to address the issues arising from the change to a one-year appropriation for CAS, it is also applicable to other expiring appropriations.

May 2010. Adjustments to accommodate over and under utilization of projected consumption will be applied month-to-month leading up to September 15. This process change leaves only the estimated September 16-30 consumption that should significantly decrease the amount of obligated CASX22010D funds that will expire on October 1. For the procurement of training for specific training events in Oct-Nov, the NSSC can accept FY 2010 advanced funding in the Aug-Sep timeframe in accordance with the guidance included in the separate Training white paper. Any unearned, expired funds provided for NSSC services or training purchases will be returned to the Centers for processing according to Agency guidance

FY10 Bankcard Purchases after Agency Cut-Off

The Agency has provided guidance on credit card purchases using CASX22010D funds and has established a cutoff date for credit card purchases of August 3, 2010 in order to allow time for final reconciliation and recording of transactions in SAP. (For further guidance please refer to the Credit-cards white paper).

The NSSC uses the bankcard for purchases of training courses. Training purchases have been determined generally to be nonseverable contracts, the NSSC will continue to use the bankcard for training purchases until September 15, 2010 where a bona fide need exists training which occurs in October and November of FY11. (Guidance for determining the bona fide need for training in this situation is provided in the CATT white paper on Training.) This does not present a problem with the NEACC hard cutoff date in SAP for expiring funds, as the NSSC uses Working Capital Funds for these transactions. This will allow for the NSSC to bill the Centers for the training purchase commitments and the costing and the liquidations will be recorded in SAP before yearend close.

FY11 Advanced Funding Guidance

The Agency's FY2003 appropriation language provides that "The fund shall be reimbursed, in advance, for supplies and services at rates that will approximate the expenses of operations..." NPR 9095.1 Section 2.6.1 continues by stating "Accordingly, the WCF business entities shall be advanced funds identified in WCF customer orders during the fiscal year, as required, to enable the WCF activity to pay for its costs of operations." This is consistent with the "stock-level exception" to the normal bona-fide needs rule that requires agencies to obligate current funds in the FY in which the severable services are to be used. In this case, the NSSC will simply maintain its normal "stock level" of funds [earnings] which, in turn will be used in the manner described herein.

In this regard, the NSSC currently has FY10 Net Operating Results (NOR) which enables payment for costs of operation during the Continuing Resolution period. However, the

centers (customers) must include the NSSC on the Fund Availability Priority Template to fund FY11 activity. This inclusion will serve as evidence of intent to provide an advance for services and enables the NSSC to utilize the FY10 NOR in lieu of the required advances during the CR period. This will not adversely impact the NSSC's ability to operate within its available cash on hand. The NOR will only be used until such time as funding is appropriated and received by the Centers. Upon receipt of funding, the Centers will provide reimbursement to the NSSC via IPAC for funds expended. This is also consistent with the guidance in Section 3.2.6 which states "In the event that the NASA has not received its new fiscal year budget, customer orders shall be funded consistent with NASA Agency Office of the CFO guidance to implement the Continuing Resolution legislation."